

DAYTON SCHOOL DISTRICT NO. 2
Columbia County, Washington
September 1, 1993 Through August 31, 1994

Schedule Of Findings

1. Cash Handling Controls Should Be Improved

During our audit of the Dayton High School Associated Student Body (ASB) cash handling, we observed the following weaknesses in the internal control structure:

- a. Receipts are not issued for all items sold.
- b. Check amounts and cash amounts per receipts issued are not reconciled to the bank deposit slips.
- c. Rediform receipts are used by the ASB central treasurer instead of receipts imprinted with the school name.
- d. Fund raising activities are not reviewed for reasonableness by someone not involved in the fund raising activity.
- e. Pop machine inventories are not kept, resulting in approximately 1,000 cans of pop being unaccounted for. Part of this was the result of the pop machine being opened during in-service days, and staff being allowed to take pop from the machine free. In the past the district has reimbursed the ASB for pop consumed, but this was not done in 1994.

Accounting Manual for Public School Districts in the State of Washington, Chapter III, Section G-3, page 1, states:

Each public school district is responsible for the establishment of procedures for the daily collection of cash, other forms of money, and for issuance of payee receipts consistent with reliable internal control processes.

These weaknesses could allow errors and/or irregularities to occur without being detected in a timely manner. In addition, by not reviewing activities for reasonableness, it cannot be determined if the district received all of the revenue that it should have.

We recommend the district implement the following internal control procedures:

- a. Receipts should be given for all money received.
- b. Deposits should be reconciled to receipts for the proper check and cash composition.
- c. Official receipt stock should be used. The receipts should include the school name, they should be serialized, and their use should be controlled.

- d. Fund raising activities should be reviewed for reasonableness by someone not involved in the activity. This review should include a comparison of actual revenue to anticipated revenue, and of explanations for any shortages.
- e. The district should reimburse the ASB a reasonable amount for the pop consumed during in-service days for 1994.